

**Code**  
**050.0311N.18.11.14**

**No. 311-N of November 18, 2014**

**On Approving Regulation 10/26 on Grounds for the Suspension of the Buyback (Redemption) of Units (Shares) by the Manager of an Open-Ended or Time Framed Fund**

**With the aim of** defining grounds for the suspension of the buyback (redemption) of the units (shares) which may be established by fund managers in the fund's rules (charter),

**By virtue of** Article 33 (2) of the Republic of Armenia Law on Investment funds,

**Guided by** Article 20(e) of the Republic of Armenia Law on the Central Bank of the Republic of Armenia, Article 16 of the Republic of Armenia Law on Legal Acts, the Board of the Central Bank of Armenia decides:

1. To Approve Regulation 10/26 on Grounds for the Suspension of the Buyback (Redemption) of Units (Shares) by the Manager of an Open-Ended or Time Framed Fund, according to Appendix to this Decision (attached).
2. This Decision shall enter into force on the tenth day following its official publication.

**Chairman of the Central Bank of Armenia**

**Artur Javadyan**

November 20, 2014  
Yerevan

## Appendix

Approved by  
The Central Bank of the Republic of Armenia  
Board Decision No. 311-N of  
November 18, 2014

### REGULATION 10/26

#### GROUND FOR THE SUSPENSION OF THE BUYBACK (REDEMPTION) OF UNITS (SHARES) BY THE MANAGER OF AN OPEN-ENDED OR TIME FRAMED FUND

##### CHAPTER I GENERAL PROVISIONS

1. The Regulation defines the grounds for suspension of the buyback (redemption) of the units (shares) by the managers of open-ended or time framed funds which may be established in fund's rules (charter).
2. The concepts used in this Regulation shall have the meanings as used in the Republic of Armenia Law on Investment Funds.

##### CHAPTER II GROUND FOR THE SUSPENSION OF THE BUYBACK (REDEMPTION) OF THE UNITS (SHARES)

3. The manager of the open-ended or time framed fund may establish in the fund's rules (charter) only the following grounds for the suspension of the buyback (redemption) of the units (shares) that endanger the interests of fund participants:
  - 1) **Disruption of normal course of operations in the regulated markets or market failures (including also impositions of restrictions on the transactions).** This ground for the suspension of the buyback (redemption) of units (shares) is present when unpredictable events influence the market that affect the normal course of operations in the regulated market and (or) cause market failures (instability) which makes it impossible to accurately determine the net asset value (NAV) of the fund or to sell fund assets to compensate for the fee for the buyback (redemption) of the units (shares). At that, in case the disruptions of the normal course of operations of regulated markets, market failures do not affect the significant part of investment fund assets, the suspension of buyback (redemption) of units (shares) may not be substantiated.
  - 2) **Emergence of operational problems or technical failures.** Events that may serve as grounds for the suspension of buyback (redemption) of units (shares) may be considered operational problems or technical failures that may temporarily hinder operations in the financial markets and thus affect the market value of the fund's assets. Additionally, third parties that operate in the name and for the account of the fund may also cause operational problems affecting the market value of the pension fund assets.
  - 3) **Emergence of liquidity problems.** Events that may serve as grounds for the suspension of buyback (redemption) of units (shares) may be considered cases when

the funds (cash) available in the investment fund are (is) not sufficient for the buyback (redemption) of units (shares) and assets of the investment fund may be sold at considerable losses.

- 4) **As a result of the buyback (redemption) of the units (shares) the net asset value (NAV) of the fund will considerably decline and (or) decline from the minimal size of the net asset value (NAV) as established by the Law.**
- 5) **Other factors.** Acts of God as well as other factors that make it impossible to determine the fund's net asset value (NAV), to value and manage the fund's assets, and (or) generate income from such assets may serve as grounds for the suspension of buyback (redemption) of the units (stocks).